
CMS Manual System

Pub. 100-04 Medicare Claims Processing

Transmittal 509

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Date: MARCH 18, 2005

CHANGE REQUEST 3584

NOTE: Transmittal 455, dated January 28, 2005 is rescinded and replaced with Transmittal 509, dated March 18, 2005. Business Requirement 3584.2.2 has been deleted. All other information remains the same.

SUBJECT: Number of Drug Pricing Files That Must Be Maintained Online for Medicare – DMERC Only

I. SUMMARY OF CHANGES: This instruction increases the standard for the number of online pricing files maintained by DMERCs for paying drug claims to eight fee screens/pricing files for Part B drugs billed to DMERCs for payment on a fee-for-service basis. Deleted sentence that stated the following, “VIPS will continue to hold five pricing files”.

NEW/REVISED MATERIAL - EFFECTIVE DATE: July 1, 2005

***IMPLEMENTATION DATE: July 5, 2005**

Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual not updated.)
(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	17/20.1.1/Online Pricing Files for Average Sales Price

***III. FUNDING:**

These instructions shall be implemented within your current operating budget.

IV. ATTACHMENTS:

X	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
	Recurring Update Notification

***Medicare contractors only**

Attachment - Business Requirements

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**SUBJECT: Number of Drug Pricing Files That Must Be Maintained Online for Medicare --
DMERC Only**

I. GENERAL INFORMATION

A. Background:

CMS mandates a standard for the number of online pricing files that must be maintained by the carrier standard systems for determining the applicable allowed amount for paying fee-for-service drug claims. This instruction increases that standard to eight drug fee screens/pricing files to facilitate the implementation of the Average Sales Price (ASP) pricing methodology.

Beginning January 1, 2005, the payment limit for Part B drugs and biologicals will be based on the ASP. Drugs will be paid based on the lower of the submitted charge or the ASP. These drugs continue to be priced based on date of service.

B. Policy:

Beginning July 1, 2005, the standard for the number of online pricing files maintained by DMERCs for paying drug claims is eight fee screens/pricing files for Part B drugs billed to DMERCs for payment on a fee-for-service basis.

C. Provider Education:

A Medlearn Matters provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3584.1	Standard system shall maintain eight online pricing files for determining approved charges for Part B drugs billed to the DMERCs.							X		
3584.1.1	The Standard System shall have the capability to accommodate multiple fee screens within a calendar year so that systems changes would not be required if prices change during the year.							X		
3584.2	Beginning July 1, 2005 the first pricing file shall be the latest ASP pricing file (10/1/05). DMERCs shall add the seven drug pricing files issued prior to the July 1, 2005 ASP file to fulfill requirement 3584.1.							X		
3584.2.1	The Standard System shall drop the oldest pricing file as each new file is added.							X		
3584.2.2	DMERCs shall have an update capability.				X			X		
3584.3	DMERCs shall use the online pricing file applicable to the billed date of service.				X			X		
3584.4	DMERCs shall use the oldest online drug pricing file to price Part B drug claims with dates of service prior to the effective date of the earliest online file.				X					
3584.4.1	Requirement 3584.4 shall not be construed to permit untimely filing of claims for Part B drugs submitted to the DMERCs.				X			X		

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: July 1, 2005 Implementation Date: July 5, 2005 Pre-Implementation Contact(s): Angie Costello at acostello@cms.hhs.gov Post-Implementation Contact(s): Appropriate Regional Office	Medicare contractors shall implement these instructions within their current operating budgets.
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***Unless otherwise specified, the effective date is the date of service.**

20.1.1 – Online Pricing Files for Average Sales Price

***(Rev.509, Issued: 03-18-05; Effective: 07-01-05;
Implementation: 07-05-05)***

Beginning July1, 2005, the standard for the number of online pricing files maintained by DMERCs for determining the applicable allowed amount for paying drug claims is eight fee screens/pricing files for Part B drugs billed to DMERCs for payment on a fee-for-service basis.